

V. TOWN CENTER CASE STUDY RESULTS

INTRODUCTION

The CGM is designed to allow the user to examine the costs and revenues generated by any combination of development projects proposed in the City. Furthermore, the model can be used to examine the financial impact of proposed changes to a development project. The case study presented in this report focuses on the impact of the Town Center Project.

The Town Center case study was chosen in order to illustrate the CGM's capacity to analyze the fiscal impacts of a specific development project on the City's budget. Since the Town Center project is a significant development for the City of Redmond with a promise of substantial sales tax revenues, this particular project was chosen to illustrate the power of the CGM to test alternative project scenarios.

The Town Center project as described in this section, represents the reduced retail space scenario. In order to illustrate the utility of the CGM an alternative Town Center scenario was developed that tests the impacts of the project with less retail space. Under this Reduced Retail Scenario, it is assumed that additional phases of retail development will be changed to office and other uses. Therefore, the Town Center Case Study is an illustration of how the CGM can be used to describe the potential fiscal impacts of a given proposed development within the City of Redmond.

PROJECT DESCRIPTION

The project description for the Town Center analysis is outlined in the following table.

Use	Approved Master Plan (Sq. Ft.)	Reduced Retail Space Scenario (Sq. Ft.)
Retail	700,000	616,236
Office	574,000	777,864
Hotel	100,000	130,000
Total	1,374,000	1,525,000

CONCLUSIONS

Table 5 shows the projected revenues and costs in the General Fund associated with the Town Center Project under the revised retail space scenario. The revenues reflect the existing City tax rates and related ordinances. The costs reflect the demand for and cost of providing services such as police, road maintenance, and park maintenance. The cost for citywide services, such as General Government and department-level administration, have been allocated to the Town Center on a per daytime employment basis.

Table 5
Town Center Analysis: Reduced Retail Space Scenario
City of Redmond Cost of Growth Model

	1997	1998	1999	2000
Projected Revenue by Type				
Beginning Cash	\$13,700	\$0	\$0	\$0
Property Taxes	\$53,600	\$134,000	\$225,900	\$296,600
Sales Taxes	\$554,300	\$1,097,400	\$1,559,400	\$1,721,600
Electric	\$7,300	\$20,900	\$42,300	\$56,300
Telephone	\$10,400	\$29,400	\$58,800	\$77,600
Gas, Garbage, Cable	\$3,200	\$9,000	\$18,000	\$23,800
Criminal Justice	\$0	\$0	\$0	\$0
Other Taxes	\$500	\$1,400	\$2,800	\$3,700
Business Licenses	\$4,700	\$13,300	\$26,600	\$35,100
State Shared Revenue	\$1,100	\$3,100	\$6,300	\$8,300
Fire District 34	\$36,800	\$77,700	\$117,600	\$128,000
Emergency Medical Service	\$0	\$0	\$0	\$0
Overhead Fees	\$11,600	\$26,400	\$39,100	\$46,000
Fines & Forfeitures	\$0	\$0	\$0	\$0
Investment Interest	\$18,900	\$38,600	\$56,500	\$64,200
Other	\$1,400	\$3,800	\$7,600	\$10,100
Development Revenues	\$55,100	\$96,100	\$109,100	\$109,100
Total	\$772,600	\$1,551,100	\$2,270,000	\$2,580,400
Projected Costs by Dept.				
Non-Departmental	\$24,100	\$113,800	\$171,700	\$198,300
Executive	\$3,200	\$7,500	\$11,600	\$13,700
Legislative	\$1,100	\$2,600	\$4,100	\$4,800
Human Resources	\$2,100	\$5,700	\$11,000	\$14,100
Legal	\$2,600	\$6,600	\$11,600	\$14,500
Finance	\$29,000	\$69,800	\$111,700	\$133,400
Public Works	\$53,100	\$99,500	\$92,000	\$97,600
Parks	\$5,000	\$14,800	\$29,600	\$39,300
Fire	\$100,500	\$227,300	\$356,200	\$397,400
Police	\$113,600	\$291,700	\$451,600	\$519,300
Planning	\$43,900	\$83,900	\$71,300	\$76,900
Total	\$378,200	\$923,200	\$1,322,400	\$1,509,300
Ending Balance	\$394,400	\$627,900	\$947,600	\$1,071,100

Note: Totals may not add due to rounding

Source: Economic & Planning Systems and the City of Redmond

The results of the Town Center Case Study are shown for the Years 1997 through 2000. The results of the model indicate that the revenues generated by the Town Center Project will exceed the cost of providing municipal services by \$400,000 per year in the initial year of occupancy. The surplus is projected to increase to approximately \$1.0 million per year at full occupancy. Factors that contribute the projected surplus include:

- ☐ The large retail base in the Town Center will generate significant sales tax revenue for the General Fund.
- ☐ The high-valued commercial space will contribute to the City's property tax base.
- ☐ These revenues will be offset by increases in police service costs. Based on calls for service data, it is projected that the Town Center will require \$500,000 in police services by the year 2000. The other department costs represent an allocation of citywide costs to the project.

CHANGE FROM APPROVED MASTER PLAN

Table 6 shows the projected costs and revenues associated with the original approved Master Plan for the Town Center and the Reduced Retail Scenario as of the year 2000. In this Case Study, a sensitivity analysis has been prepared that illustrates how the fiscal impacts of the Town Center would vary if the approved plan is altered as shown in the project description. As a result of the decrease in retail space in the Reduced Retail Scenario, this scenario generates less sales tax revenue than the approved Master Plan. While the following table illustrates these differences, the changes are small on a percentage basis.

Table 6
Town Center Analysis: Reduced Retail Scenario vs. Original Plan as of the Year 2000
City of Redmond Cost of Growth Model

	Original Plan	Reduced Retail Scenario	Change from Original Plan
Projected Revenue by Type			
Beginning Cash	\$0	\$0	\$0
Property Taxes	\$264,600	\$296,600	\$32,000
Sales Taxes	\$1,818,800	\$1,721,600	(\$97,200)
Electric	\$48,700	\$56,300	\$7,600
Telephone	\$67,100	\$77,600	\$10,500
Gas, Garbage, Cable	\$20,500	\$23,800	\$3,300
Criminal Justice	\$0	\$0	\$0
Other Taxes	\$3,200	\$3,700	\$500
Business Licenses	\$30,300	\$35,100	\$4,800
State Shared Revenue	\$7,100	\$8,300	\$1,200
Fire District 34	\$127,600	\$128,000	\$400
Emergency Medical Service	\$0	\$0	\$0
Overhead Fees	\$43,700	\$46,000	\$2,300
Fines & Forfeitures	\$0	\$0	\$0
Investment Interest	\$64,800	\$64,200	(\$600)
Other	\$8,700	\$10,100	\$1,400
Development Revenues	\$98,400	\$109,100	\$10,700
Total	\$2,603,500	\$2,580,400	(\$23,100)
Projected Costs by Dept			
Non-Departmental	\$196,200	\$198,300	\$2,100
Executive	\$13,300	\$13,700	\$400
Legislative	\$4,700	\$4,800	\$100
Human Resources	\$12,300	\$14,100	\$1,800
Legal	\$13,300	\$14,500	\$1,200
Finance	\$127,600	\$133,400	\$5,800
Public Works	\$87,400	\$97,600	\$10,200
Parks	\$34,000	\$39,300	\$5,300
Fire	\$395,300	\$397,400	\$2,100
Police	\$512,700	\$519,300	\$6,600
Planning	\$68,700	\$76,900	\$8,200
Total	\$1,465,500	\$1,509,300	\$43,800
Ending Balance	\$1,138,000	\$1,071,100	(\$66,900)

Note: Totals may not add due to rounding
Source: Economic & Planning Systems, and City of Redmond